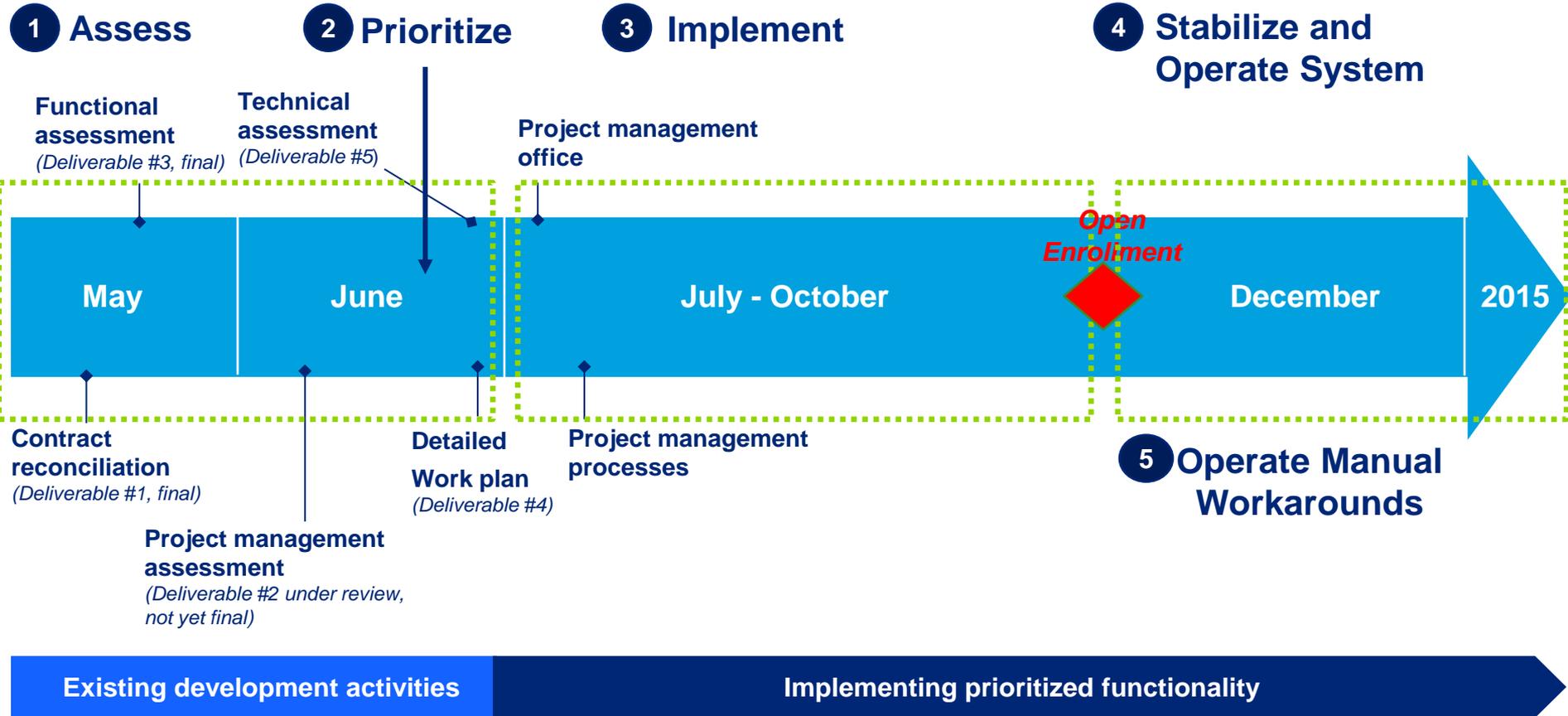


MNsure Board Meeting

Deloitte Overview of Deliverables #1, #2 and #3

June 18, 2014

Overview of MNsure Program Roadmap



Deloitte's Role as Lead Vendor on the MNsure Project

- Deloitte Consulting was engaged by the State of Minnesota to:
 - assess the governance structure, decision-making processes, and project management practices that enable Minnesota's health insurance marketplace to operate.
 - assess the current state of the MNsure system and identify gaps and their likely impact on ongoing operations, 2015 open enrollment and beyond.
 - provide input on the strategy for converting public program cases from the State's legacy IT systems to the MNsure system.
- Over the past eight weeks, Deloitte has conducted these assessments with the help of IT vendors and State professionals. We appreciate the cooperation that has been extended to us.
- Despite the project's challenges, today more than 240,000 Minnesotans have been enrolled in comprehensive, affordable health insurance coverage through the MNsure system resulting in a significant drop in the uninsured rate. This has been achieved by supplementing the MNsure system with significant manual workarounds of State staff who are also working to stabilize the health insurance marketplace.

Deloitte Deliverable #1 – An Overview

A report and reconciliation of the deliverables Minnesota has received to date under contracts with its IT vendors

- The MAXIMUS and PwC contracts began in July 2012 and February 2013 respectively. MAXIMUS was contracted to deliver virtually all components of the system to enable Minnesota's health insurance marketplace and subcontracted with IBM/Cúram, Connecture and EngagePoint. PwC was contracted for security related services. These contracts are all due to expire on June 30, 2014.
- The MAXIMUS contract was changed from a deliverables based contract to a release-based one to improve delivery focus and accountability. The releases comprised: a pre-release stage (May 2013) and 4 separate sequential releases (October 2013 and beyond).
- The MAXIMUS contract value was \$46.4M and comprised 31 deliverables, while PwC was responsible for 8 deliverables for a total contract value of \$5.5M.
- The State has represented that of the 31 MAXIMUS contract deliverables: 16 were approved and paid, 4 were not submitted, 1 was rejected and the remainder in various stages of review.

Deloitte Deliverable #1 *(continued)*

- To date, approximately two-thirds (66%) has been paid out to the vendors - \$30.7M to MAXIMUS and \$3.7M to PwC.
- More than half of the payments (\$18.7M) paid to MAXIMUS were made for the May 2013 pre-release work before the system went live.
- Today, the State is still holding \$15.6M of the MAXIMUS contract and \$1.85M of the PwC contract.
- Almost half of the deliverables remain pending/under review and the submissions for these dates back 6 to 9 months.

Deloitte Deliverable #2 – An Overview

An assessment of the current project governance structure and program management processes

- Around the initial open enrollment period, there was a significant breakdown in program governance and management processes because the State's efforts were focused on resolving enrollment issues. Earlier this year efforts to establish new governing and project management processes began.
- Despite improvements, program governance and process effectiveness remains diluted - creating inefficiency and confusion among stakeholders, inconsistent adherence to processes, untimely decision making and issue resolution. This is impeding program progress and adding risk.
- Under the direction of the MN.IT organization, a dedicated Project Director role and the full establishment of a Project Management Office (PMO) is needed. In addition, empowerment and staffing of all roles and governance bodies with clarity of those roles and responsibilities (including measurable accountability metrics) should be implemented.

Deloitte Deliverable #2 *(continued)*

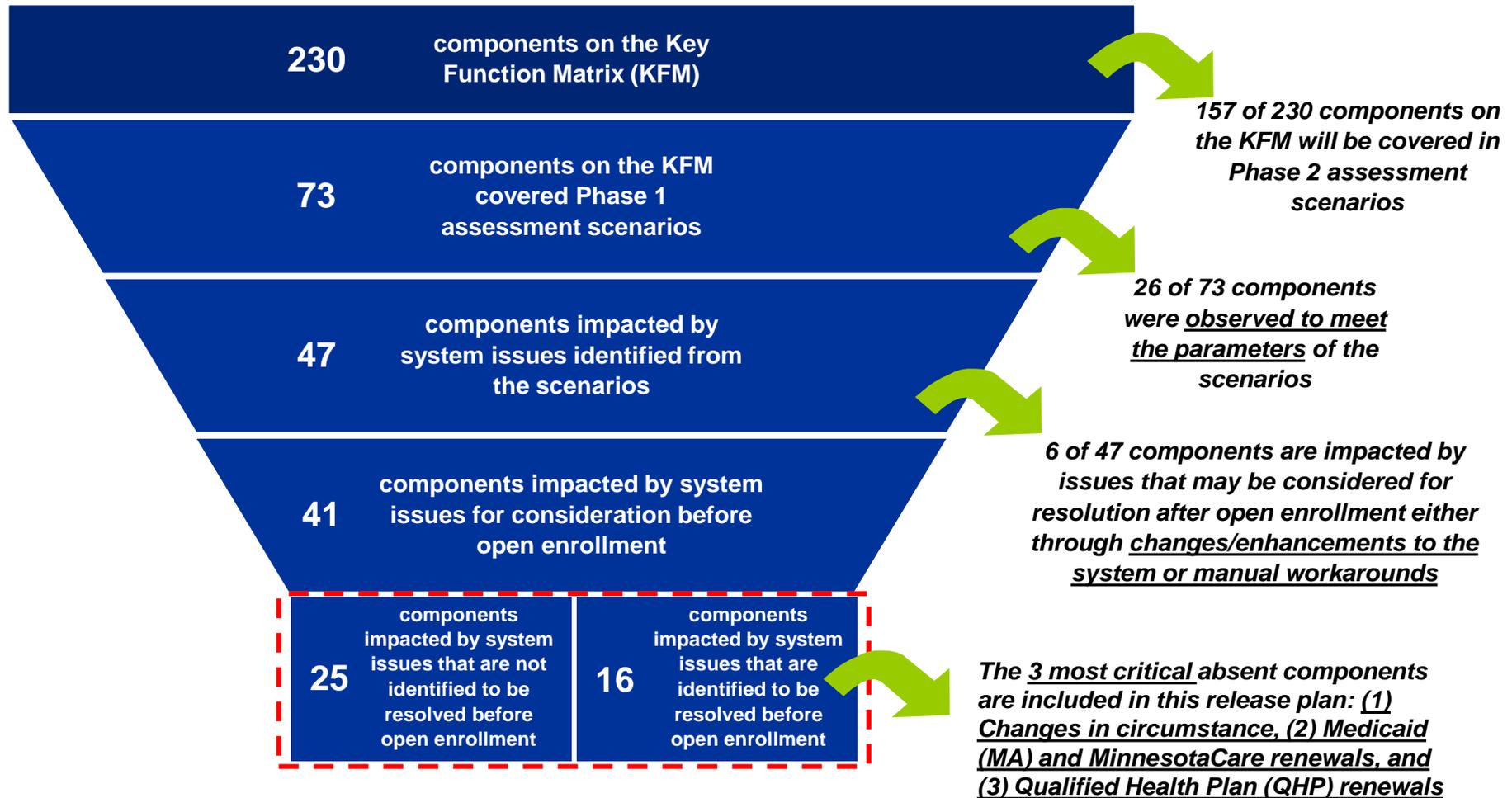
- Reconstitution of many critical program management processes was evident, immediate focus on the following is needed:
 - Tracking and timely reporting of current and cumulative project results.
 - Decision making and communication to stakeholders.
 - Controls and processes for risk, issue and change management.
 - System defect management – While some defects are captured it does not appear that all defects are comprehensively captured and may challenge system improvement efforts.
 - Testing management – With gaps in the testing environments, a limited set of items have testing occurring directly and for the first time in the live production environment.

Deloitte Deliverable #3 – An Overview

A report of the first phase of the functional assessment of the current state of the MNsure system

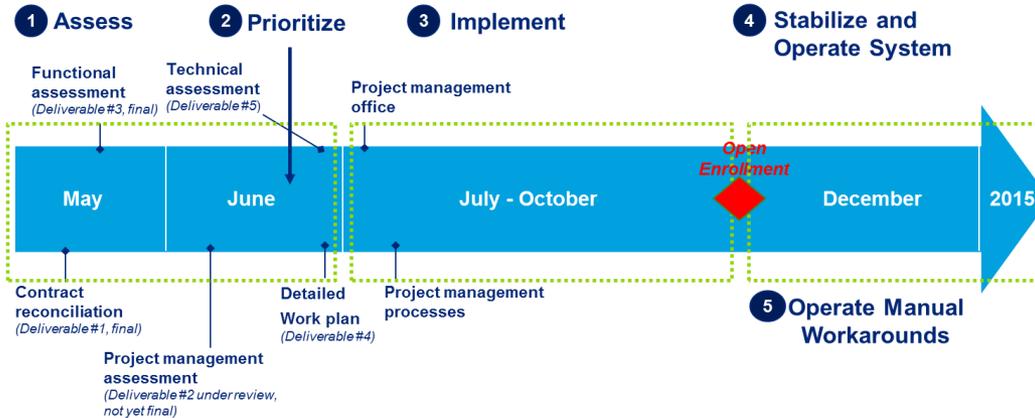
- Our assessment used 22 detailed scenarios to evaluate the MNsure system functionality against that needed for full operation of the solution to meet the November 2014 open enrollment demands.
- 26 of the 73 areas of functionality reviewed were found to function as expected - these included the ability to determine eligibility, display appropriate plan information to applicants, and enroll applicants in Medicaid throughout the year.
- Our initial review of the underlying technical architecture and foundation (that enables the business functions) did not identify significant issues or gaps. However, select opportunities are present and will be addressed in Deliverable #5.
- Since the Fall of 2013, much of the State's effort has been focused on addressing initial enrollment issues. The MNsure system must now add critical, new functionality to process renewal of the existing enrollment base. The additional demands on the MNsure system will increase risk and compound the remediation efforts that are underway.

Phase 1 Assessment Results



Implementing each of these components will involve several parts of the system. System requirements for some of this functionality have not been finalized. If this functionality is not implemented on schedule, there could be a significant adverse impact on MNsure operations during open enrollment.

Next Steps



2 Prioritize



Prioritizing critical functionality needs is already underway. Prioritization criteria:

- Impact on consumer understanding
- Impact on coverage
- Impact on correct benefits/subsidy
- Impact on volume/persons
- Impact on public perception
- Impact on workload

- With system gaps defined and prioritizing of those gaps started, we have outlined an action-oriented implementation roadmap which will support the State's efforts to meet the 2014 open enrollment.
- To further reinforce those implementation efforts, the State and Deloitte are in discussions to expand Deloitte's scope to leverage its knowledge and experience – particularly in the design cycle - of developing the prioritized functionality.